

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04  
NSAE-00 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03 NSC-05  
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FM AMEMBASSY LONDON  
TO SECSTATE WASHDC 9283  
INFO AMCONSUL BELFAST  
AMCONSUL EDINBURGH

UNCLAS LONDON 00336

E.O. 11652: N/A  
TAGS: ELAB, PINT, UK  
SUBJECT: PROGRESS IN COAL NEGOTIATIONS

REF: LONDON 20260 - 1976

1. THE DISPUTE BETWEEN THE NATIONAL UNION OF MINEWORKERS (NUM) AND THE NATIONAL COAL BOARD (NCB) OVER EARLY RETIREMENT MOVED CLOSER TO AGREEMENT AFTER NEGOTIATIONS WERE REOPENED THIS WEEK, BUT FINAL SETTLEMENT WILL DEPEND ON AGREEMENT OVER TWO ISSUES WHICH STILL REMAIN UNSOLVED. THE NEXT NEGOTIATING SESSION WILL TAKE PLACE ON WEDNESDAY (JANUARY 12) AFTER THE NUM APPROACHES THE GOVERNMENT AND THE TUC FOR CLARIFICATION OF SOME ASPECTS OF THE EARLY RETIREMENT SCHEME.

2. THE COAL BOARD, DURING YESTERDAY'S DISCUSSIONS WITH THE MINERS, IMPROVED ITS ORIGINAL OFFER (SEE REFTTEL FOR DETAILS) BY AGREEING TO VOLUNTARY RETIREMENT AT 62 FOR MINERS WITH 20 YEARS EXPERIENCE UNDERGROUND -- TO BE REDUCED IN STAGES TO 60 BY 1979. FOR ITS PART, THE NUM AGREED THAT THE NEW RETIREMENT SCHEME COULD NOT BEGIN BEFORE AUG. L, WHEN A NEW PAY POLICY IS EXPECTED TO BE  
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IN EFFECT AND THAT THE SCHEME SHOULD BE A VOLUNTARY ONE. INITIALLY, ONLY WORKERS WITH 20 YEARS UNDERGROUND EXPERIENCE WOULD BE COVERED, ALTHOUGH A MINORITY OF SURFACE WORKERS WITHOUT THE REQUISITE 20 YEARS MAY BE COVERED LATER.

3. BEFORE RESUMPTION OF NEGOTIATIONS NEXT WEDNESDAY, THE

NUM LEADERS WILL BE SEEKING CLARIFICATION IN THEIR TALKS WITH THE TUC AND WITH GOVERNMENT WHETHER IT IS POSSIBLE TO INCLUDE THE MINORITY OF SURFACE WORKERS WITH LESS THAN 20 YEARS UNDERGROUND EXPERIENCE AND WHETHER UNDER THE NCB'S EXISTING PENSION SCHEME A LUMP SUM PAYMENT TO MINERS RETIRING EARLY CAN BE INSTITUTED WITHOUT INCURRING TAX PENALTIES. ANOTHER QUESTION WHICH NEEDS RESOLUTION IS WHETHER THE GOVERNMENT WILL PROVIDE ADDITIONAL FINANCIAL AID TO COVER PART OF THE COST OF THE EARLY RETIREMENT SCHEME, SINCE IT HAS TAKEN A POSITION THUS FAR THAT THESE COSTS SHOULD BE PAID THROUGH INCREASED PRODUCTIVITY OR HIGHER COAL PRICES.

4. COMMENT. ALTHOUGH THE REMAINING HURDLES ARE NOT INCONSEQUENTIAL, THERE IS CONSIDERABLE OPTIMISM THAT AN AGREEMENT WILL BE REACHED WHICH WOULD OBVIATE STRIKE ACTION AND A THREAT TO THE SOCIAL CONTRACT. HOWEVER, APART FROM STIMULATING FURTHER DEMANDS FOR EARLY RETIREMENT FROM OTHER UNIONS, THE PROBABLE ACCORD WILL INVOLVE INCREASED COSTS TO THE NCB. IN AN INDUSTRY WHERE OUTPUT PER MAN FELL BY 10 PERCENT BETWEEN 1970 AND 1975, PRODUCTIVITY GAINS ARE NOT LIKELY TO OFFSET THESE COSTS. WITH PUBLIC EXPENDITURE SCHEDULED TO DECLINE IN REAL TERMS OVER THE NEXT TWO YEARS, THE PRICE OF PEACE WITH THE MINERS IS VIRTUALLY CERTAIN TO BE MORE COSTLY COAL TO CONSUMERS. ARMSTRONG

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## Message Attributes

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